

2005 DRAFTING REQUEST

Bill

Received: **12/01/2004**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-7980**

By/Representing: **Blaine**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Health - facility licensure**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **robin.ryan@legis.state.wi.us**
joseph.kreye@legis.state.wi.us

Pre Topic:

DOA:.....Blaine, BB0295 -

Topic:

Provider assessment on MA health maintenance organizations

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	dkennedy 12/02/2004	wjackson 12/06/2004		_____			S&L
/1			rschluet 12/06/2004	_____	lemery 12/06/2004		S&L
/2	dkennedy 12/13/2004	wjackson 12/14/2004	rschluet 12/15/2004	_____	sbasford 12/15/2004		S&L

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/3	dkennedy 01/10/2005	wjackson 01/11/2005	pgreensl 01/11/2005	_____	lnorthro 01/11/2005		S&L
/4	dkennedy 01/19/2005	wjackson 01/20/2005	chaugen 01/20/2005	_____	mbarman 01/20/2005		S&L
/5	dkennedy 01/24/2005	wjackson 01/24/2005	pgreensl 01/24/2005	_____	sbasford 01/24/2005		

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/4	dkennedy 01/19/2005	wjackson 01/20/2005	chaugen 01/20/2005	_____	mbarman 01/20/2005		

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/5 WLj 1/24

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1/4 WJ 1/20



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Ch 1-20
Ch 1-20
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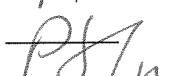
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1/3 WJ/11

1/12/08

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1?	dkennedy	1 WJ 12/4					

FE Sent For:

17
6
<END>

2003-05 Budget Bill Statutory Language Drafting Request

- Topic: Provider Assessment on Medicaid Health Maintenance Organizations
- Tracking Code: (Assigned by Government Operations Team) *BB0295*
- SBO team: Health and Insurance
- SBO analyst: Robert Blaine
 - Phone: 267-7980
 - Email: robert.blaine@doa.state.wi.us
- Agency acronym: DHFS
- Agency number: 435

The purpose of this draft is to institute a Medical Assistance provider assessment on Health Maintenance Organizations operating in the State of Wisconsin who also serve Medical Assistance recipients. The assessment would not apply to HMOs who do not enroll Medical Assistance recipients. A similar provision was included in the Governor's 2003-05 biennial budget recommendation to the Legislature. The specific bill draft was LRB 03-1486/3. This draft would need to be modified to specify that the assessment applies only to HMOs service Medical Assistance recipients.

DOA:.....Blaine - BB0324, Provider assessment on health maintenance organizations

FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION ✓

DO NOT GEN

1 AN ACT ...; relating to: the budget. ✓

that enroll recipients of
Medical Assistance
(MA) or Badger Care

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES ✓

MEDICAL ASSISTANCE ✓

This bill authorizes DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) of 1% of each HMO's annual gross revenues, based on statements that each HMO must file with OCI annually by March 1. Under the bill, the first assessment is due on September 30, 2003. The assessments must be deposited into the Medical Assistance (MA) trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients and Badger Care payments to HMOs that provide services to Badger Care recipients, to assist in meeting increasing costs, more intense use of services by MA and Badger Care recipients, and other reimbursement needs that DHFS identifies.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.435 (4) (wr) of the statutes is created to read:

20.435 (4) (wr) *Medical assistance trust fund; health maintenance organizations.* From the Medical Assistance trust fund, biennially, from all moneys received from health maintenance organizations under s. 49.45 (2) (a) ~~25~~, the amounts in the schedule for payment to health maintenance organizations under ss. 49.45 (6zb) and 49.665 (4m).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 25.77 (4) of the statutes is created to read:

25.77 (4) All moneys received under s. 49.45 (2) (a) ~~25~~ from assessments on health maintenance organizations.

SECTION 3. 49.45 (2) (a) ~~25~~ of the statutes is created to read:

49.45 (2) (a) ~~25~~ a. *For the privilege of doing business in this state, there is* *that enrolls recipients of Medical Assistance for Badger Care* *imposed* on each health maintenance organization, as defined in s. 609.01 (2), an annual assessment of ~~10%~~ ^{SP} of the health maintenance organization's gross revenues for the immediately preceding calendar year. The assessment shall be deposited into the Medical Assistance trust fund. The department shall determine the amount of each health maintenance organization's assessment, based on a statement that the health maintenance organization shall file annually, by March 1, with the office of the commissioner of insurance. Each health maintenance organization shall pay one-fourth of the total assessment quarterly, by March 31, June 30, September 30, and December 31 of each year.

b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under subch. III of ch. 77, apply to the assessment under this section, except that the

subdivision

1 amount of any assessment collected under subd. ⁽²⁶⁾25a. shall be deposited into the
2 Medical Assistance trust fund.

3 c. The department shall levy, enforce, and collect the assessment under this
4 subdivision and shall develop and distribute forms necessary for levying and
5 collection.

6 d. The department shall promulgate rules that establish procedures and
7 requirements for levying the assessment under this subdivision.

8 e. An affected health maintenance organization may contest an action by the
9 department under this subdivision by submitting a written request for a hearing to
10 the department within 3 days after the date of the department's action.

11 f. Any order or determination made by the department under a hearing as
12 specified in subd. ⁽²⁶⁾25e. is subject to judicial review as prescribed under ch. 227.

13 **SECTION 4.** 49.45 (6zb) of the statutes is created to read:

14 **49.45 (6zb) SUPPLEMENTAL PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS.**

15 From the appropriation under s. 20.435 (4) (wr), the department shall distribute
16 funding in each fiscal year to a health maintenance organization, as defined under
17 s. 609.01 (2), to supplement payment to the health maintenance organization under
18 this section. The funding shall be to assist in meeting increasing costs, more intense
19 use of services by Medical Assistance recipients, and other reimbursement needs
20 that the department identifies.

21 **SECTION 5.** 49.665 (4m) of the statutes is created to read:

22 **49.665 (4m) SUPPLEMENTAL PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS.**

23 From the appropriation under s. 20.435 (4) (wr), the department shall distribute
24 funding in each fiscal year to a health maintenance organization, as defined under
25 s. 609.01 (2), to supplement payment to the health maintenance organization under

that enrolls
Medical Assistance
recipients

that enrolls BadgerCare
recipients

1 this section. The funding shall be to assist in meeting increasing costs, more intense
2 use of services by Badger Care recipients, and other reimbursement needs that the
3 department identifies.

4 **SECTION 9324. Initial applicability; health and family services.** ✓

5 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
6 section 49.45 (2) (a) ~~25~~ of the statutes first applies to annual statements for 2002 that
7 were due on March 1, 2003, and to assessments that are due on September 30, 2003.

8 (END)

Kennedy, Debora

From: Blaine, Robert
Sent: Monday, December 13, 2004 2:06 PM
To: Kennedy, Debora
Subject: RE: LRB Draft: 05-1089/1 Provider assessment on MA health maintenance organizations

Debora -- One minor change needed at this point. I would like to increase the assessment percentage from 1% to 6% of gross revenues.

The other HMO draft (the one that includes all HMOs), should stay at 1%.

Thanks!!

-----Original Message-----

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]
Sent: Monday, December 06, 2004 3:30 PM
To: Blaine, Robert
Cc: Johnston, James; Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica
Subject: LRB Draft: 05-1089/1 Provider assessment on MA health maintenance organizations

Following is the PDF version of draft 05-1089/1.



(In edit 12/13)

State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1089/12
DAK&JK:wlj:ES

DOA:.....Blaine, BB0295 – Provider assessment on MA health maintenance organizations

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

DO NOT GEN

1 AN ACT ...; relating to: the budget.

6
Sik

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

This bill authorizes DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) that enroll recipients of Medical Assistance (MA) or Badger Care of 4 percent of each HMO's annual gross revenues, based on statements that each HMO must file with OCI annually by March 1. Under the bill, the first assessment is due on September 30, 2005. The assessments must be deposited into the MA trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients and Badger Care payments to HMOs that provide services to Badger Care recipients, to assist in meeting increasing costs, more intense use of services by MA and Badger Care recipients, and other reimbursement needs that DHFS identifies.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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1 **SECTION 1.** 20.435 (4) (wr) of the statutes is created to read:

2 20.435 (4) (wr) *Medical Assistance trust fund; health maintenance*
3 *organizations.* From the Medical Assistance trust fund, biennially, from all moneys
4 received from health maintenance organizations under s. 49.45 (2) (a) 26., the
5 amounts in the schedule for payments to health maintenance organizations under
6 ss. 49.45 (6zb) and 49.665 (4m).

 ****NOTE: This SECTION involves a change in an appropriation that must be
reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 2.** 25.77 (4) of the statutes is created to read:

8 25.77 (4) All moneys received under s. 49.45 (2) (a) 26. from assessments on
9 health maintenance organizations.

10 **SECTION 3.** 49.45 (2) (a) 26. of the statutes is created to read:

11 49.45 (2) (a) 26. a. Impose on each health maintenance organization, as defined
12 in s. 609.01 (2), that enrolls recipients of Medical Assistance or Badger Care, for the
13 privilege of doing business in this state, an annual assessment of ~~1~~⁶ percent of the
14 health maintenance organization's gross revenues for the immediately preceding
15 calendar year. The assessment shall be deposited into the Medical Assistance trust
16 fund. The department shall determine the amount of each health maintenance
17 organization's assessment, based on a statement that the health maintenance
18 organization shall file annually, by March 1, with the office of the commissioner of
19 insurance. Each health maintenance organization shall pay one-fourth of the total
20 assessment quarterly, by March 31, June 30, September 30, and December 31 of each
21 year.

22 b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
23 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under

1 subch. III of ch. 77, apply to the assessment under this subdivision, except that the
2 amount of any assessment collected under subd. 26. a. shall be deposited into the
3 Medical Assistance trust fund.

4 c. The department shall levy, enforce, and collect the assessment under this
5 subdivision and shall develop and distribute forms necessary for levying and
6 collection.

7 d. The department shall promulgate rules that establish procedures and
8 requirements for levying the assessment under this subdivision.

9 e. An affected health maintenance organization may contest an action by the
10 department under this subdivision by submitting a written request for a hearing to
11 the department within 3 days after the date of the department's action.

12 f. Any order or determination made by the department under a hearing as
13 specified in subd. 26. e. is subject to judicial review as prescribed under ch. 227.

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18 s. 609.01 (2), that enrolls Medical Assistance recipients to supplement payment to
19 the health maintenance organization under this section. The funding shall be to
20 assist in meeting increasing costs, more intense use of services by Medical Assistance
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5 **SECTION 9321. Initial applicability; health and family services.**

6 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
7 section 49.45 (2) (a) 26. of the statutes first applies to annual statements for 2004 that
8 were due on March 1, 2005, and to assessments that are due on September 30, 2005.

9 (END)

Kennedy, Debora

From: Blaine, Robert
Sent: Monday, January 10, 2005 4:16 PM
To: Kennedy, Debora
Subject: MA HMO Assessment -- LRB 05-1089

Hi Debora --

I have three changes to request for this draft.

- ✓ 1) We want to remove sections 4 and 5 in the draft that create supplemental payments to HMOs for MA and BadgerCare. We already have the authority to set HMO payments so this is not really necessary.
- ✓ 2) Likewise, the new appropriation (s. 20.435 (4)(wr)) is really not necessary since we already have SEG appropriations for both MA and BC, so we would like to delete this as well.
- 3) We would like to add a provision allowing the Dept. to issue emergency rules without a finding of an emergency so that there is no delay in getting the assessment established, especially given that collections are intended to start right away in the first year of the biennium.

As always, thanks!

Robert Blaine

State Budget Office -- WI Dept. of Administration
608/267-7980
608/267-0372 (fax)
robert.blaine@doa.state.wi.us



(In edit 1/10/04)
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1089/2 3
DAK&JK:wlj:rs

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INSERT ANAL ✓

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MEDICAL ASSISTANCE

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12 in s. 609.01 (2), that enrolls recipients of Medical Assistance or Badger Care, for the
13 privilege of doing business in this state, an annual assessment of 6 percent of the
14 health maintenance organization's gross revenues for the immediately preceding
15 calendar year. The assessment shall be deposited into the Medical Assistance trust
16 fund. The department shall determine the amount of each health maintenance
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1 s. 609.01 (2), that enrolls ~~Badger Care recipients to supplement payment to the~~
2 ~~health maintenance organization under this section. The funding shall be to assist~~
3 ~~in meeting increasing costs, more intense use of services by Badger Care recipients,~~
4 ~~and other reimbursement needs that the department identifies.~~

5 **SECTION 9321. Initial applicability; health and family services.**

6 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
7 section 49.45 (2) (a) 26. of the statutes first applies to annual statements for 2004 that
8 were due on March 1, 2005, and to assessments that are due on September 30, 2005.

9 (END)

INSERT 4-4 ✓

**2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1089/3ins
DAK&JK:wlj:rs

INSERT ANAL

not DHFS must promulgate rules that establish procedures and requirements for levying the assessment and is authorized to submit emergency rules without providing a finding of emergency or evidence that an emergency rule is necessary for the preservation of public peace, health, safety, or welfare.

INSERT 4-4

SECTION 9121. Nonstatutory provisions; health and family services.

NonSTATS ¹~~(f)~~ ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS; RULES.

(a) The department of health and family services shall submit in proposed form the rules required under section 49.45 (2) (a) 26. d. [✓] of the statutes, as created by this act, to the legislative council staff under section 227.15 (1) [✓] of the statutes no later than the first day of the 4th month beginning after the effective date of this paragraph. [✓]

(b) Using the procedure under section 227.24 of the statutes, the department of health and family services may promulgate rules required under section 49.45 (2) (a) 26. d. [✓] of the statutes, as created by this act, for the period before the effective date of the rules submitted under paragraph (a), [✓] but not to exceed the period authorized under section 227.24 (1) (c) [✓] and (2) [✓] of the statutes. Notwithstanding section 227.14 ² (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide evidence that promulgating a rule under this paragraph as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare and is not required to provide a finding of emergency for a rule promulgated under this paragraph. [✓]

Kennedy, Debora

From: Blaine, Robert
Sent: Wednesday, January 19, 2005 9:58 AM
To: Kennedy, Debora
Subject: HMO Assessment Redraft

1089

Several changes to the HMO Assessment draft. Most of these comments came from Neil, though the timing issue at the end is of my design.

() Section 2: Under the draft the assessment would apply to "... each health maintenance organization, as defined in s. 609.01 (2), that enrolls recipients of Medical Assistance or Badger Care" The applicable federal statute defines the permissible class of HMOs upon which a tax may be imposed as "[s]ervices of a medicaid managed care organization with a contract under subsection (m) of this section." 42 USC s. 1396b(w)(7)(A)(viii). To be literally compliant with the federal statute (which given the level of federal scrutiny in this area is probably prudent), perhaps this language should be revised to read something like "... each health maintenance organization, as defined in s. 609.01 (2), with a contract under s. 49.45 (2)(b)2. to provide prepaid health care to recipients of Medical Assistance or Badger Care"

✓ () On p. 3, lines 4-5, the dept would be required to promulgate rules for levying HMO assessments. We would like to implement the HMO assessment without adopting rules. The nursing home bed tax rules pretty much mimic the statute, except that they provide further detail as to how to count beds. We don't have that complicating factor here, since the HMO tax is based on revenues.

✓ () On p 3, line 8, an HMO is given only 3 days to request a hearing. Could we change this to 30 days, consistent with s. 50.14(6)(a).

✓ () In the appeals provisions of subds. e and f, it might be a good idea to specify that DOA/DHA conducts the hearings and makes the decisions, especially if we decide to proceed without rules.

() **Timing:** We no longer want the assessment to be effective July 1, 2005. Rather, it would be effective January 1, 2006. Our intent is to generate a full calendar year worth of assessment revenue; but we have a start up problem. To address this, we would like to institute a quarterly payment process, with an opportunity to reconcile assessments / payments after the calendar year has ended. The first quarter's assessment payment would be based on an estimate; the next three payments would be based on actual gross revenues from the prior quarter. Then, in the next year, there would be a reconciliation to ensure that the 4 assessment payments from the prior calendar year are not greater (or lesser) than the intended tax of 6% of gross revenues. Thus, the payment schedule would look something like this:

CY2006 Payments

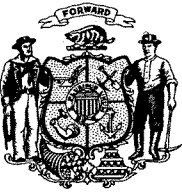
- March 31 -- payment 1 due; the payment due would be calculated based on the HMO's estimated gross revenues for Jan. through Mar. 2006.
- June 30 -- payment 2 due; the payment due would be calculated based on the HMO's actual gross revenues for Jan. through Mar. 2006.
- Sept. 30 -- payment 3 due; the payment due would be calculated based on the HMO's actual gross revenues for Apr. through June. 2006.
- Dec. 31 -- payment 4 due; the payment due would be calculated based on the HMO's actual gross revenues for July. through Sept. 2006.

for CY2007

- March 31 -- payment 1 due; the payment would be based on the HMO's estimated gross revenues for Jan. through Mar. 2007.

In this March payment, the department should be given authority to adjust assessment levels to ensure that actual assessments paid in CY2006 are consistent with a 6% annual assessment against CY2006 gross revenues. ^{actual}

- June 30 -- payment 2 due; the payment due would be calculated based on the HMO's actual gross revenues for Jan. through Mar. 2007.
- Sept. 30 -- payment 3 due; the payment due would be calculated based on the HMO's actual gross revenues for Apr. through June. 2007.
- Dec. 31 -- payment 4 due; the payment due would be calculated based on the HMO's actual gross revenues for July. through Sept. 2007.



In edit 1/19/05
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1089/34
DAK&JK:wlj:pg

D-NOTE

DOA:.....Blaine, BB0295 - Provider assessment on MA health maintenance organizations

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

TODAY please

⊙Δ The assessment is

contract with DHFS to provide health care to

DO NOT GEN

1

AN ACT ...; relating to: the budget.

March 31st 2006

requires
Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES
MEDICAL ASSISTANCE

This bill ~~authorizes~~ DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) that ~~enroll~~ recipients of Medical Assistance (MA) or Badger Care of 6 percent of each HMO's annual gross revenues, based on statements that each HMO must file with OCI annually by March 1. Under the bill, the first assessment is due on ~~September 30, 2005~~. The assessments must be deposited into the MA trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients and Badger Care payments to HMOs that provide services to Badger Care recipients, to assist in meeting increasing costs, more intense use of services by MA and Badger Care recipients, and other reimbursement needs that DHFS identifies. DHFS must ~~promulgate rules that~~ establish procedures and requirements for levying the assessment and is authorized to submit emergency rules without providing a finding of emergency or evidence that an emergency rule is necessary for the preservation of public peace, health, safety, or welfare.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

with a contract under sub⁽²⁾
(b) 20 to provide health care to

SECTION 1. 25.77 (4) of the statutes is created to read:

25.77 (4) All moneys received under s. 49.45 (2) (a) 26[✓] from assessments on health maintenance organizations.

SECTION 2. 49.45 (2) (a) 26[✓] of the statutes is created to read:

49.45 (2) (a) 26. a. Impose on each health maintenance organization, as defined in s. 609.01 (2), ~~that enroll~~ recipients of Medical Assistance or Badger Care, for the privilege of doing business in this state, an annual assessment of 6[✓] percent of the health maintenance organization's gross revenues for the immediately preceding calendar year. The assessment shall be deposited into the Medical Assistance trust fund. The department shall determine the amount of each health maintenance organization's assessment, based on a statement that the health maintenance organization shall file annually, by March 1, with the office of the commissioner of insurance. Each health maintenance organization shall pay one-fourth of the total assessment quarterly, ~~by March 31, June 30, September 30, and December 31 of each~~

~~year~~

INSERT 2-15[✓]

b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under subch. III[✓] of ch. 77[✓], apply to the assessment under this subdivision, except that the amount of any assessment collected under subd. 26. a.[✓] shall be deposited into the Medical Assistance trust fund.

*the division of hearings
and appeals in**of health and
family services*

1 c. The department shall levy, enforce, and collect the assessment under this
 2 subdivision and shall develop and distribute forms necessary for levying and
 3 collection. *of administration*

4 d. The department shall ~~promulgate rules that~~ establish procedures and
 5 requirements for levying the assessment under this subdivision.

6 e. An affected health maintenance organization may contest an action by the
 7 department under this subdivision by submitting a written request for a hearing to
 8 the department within ~~3~~ *30* days after the date of the department's action. *by the
department of
health and
family
services*

9 f. Any order or determination made by ~~the~~ department under a hearing as
 10 specified in subd. 26. e. is subject to judicial review as prescribed under ch. 227.

11 SECTION 9121. Nonstatutory provisions; health and family services.

12 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS; RULES.

13 (a) The department of health and family services shall submit in proposed form
 14 the rules required under section 49.45 (2) (a) 26. d. of the statutes, as created by this
 15 act, to the legislative council staff under section 227.15 (1) of the statutes no later
 16 than the first day of the 4th month beginning after the effective date of this
 17 paragraph.

18 (b) Using the procedure under section 227.24 of the statutes, the department
 19 of health and family services may promulgate rules required under section 49.45 (2)
 20 (a) 26. d. of the statutes, as created by this act, for the period before the effective date
 21 of the rules submitted under paragraph (a), but not to exceed the period authorized
 22 under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding section 227.24
 23 (1) (a), (2) (b), and (3) of the statutes, the department is not required to provide
 24 evidence that promulgating a rule under this paragraph as an emergency rule is
 25 necessary for the preservation of the public peace, health, safety, or welfare and is

1 not required to provide a finding of emergency for a rule promulgated under this
2 paragraph.

3 **SECTION 9321. Initial applicability; health and family services.** ✓

4 (1) ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS. The treatment of
5 section 49.45 (2) (a) 26. ✓ of the statutes first applies to annual statements for 2004 that
6 ^{are} due on March 1, 2004, and to assessments that are due on September 30, 2005. ²⁰⁰⁶
7 ~~are due on March 1, 2004, and to assessments that are due on September 30, 2005.~~

(END)

INSERT 4-2 ✓

2007

D-NOTE ✓

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1089/4ins
DAK&JK:wlj:pg

INSERT 2-15

Not

For 2007 and every year thereafter, on March 31[✓] payment is due based on estimated gross revenues for the health maintenance organization for the period January 1 to March 31[✓] of that year, and the department may adjust the payment amount to ensure that payments made for the previous calendar year equaled an assessment of 6 percent of the health maintenance organization's actual gross revenues for the immediately preceding calendar year; on June 30[✓] payment is due based on actual gross revenues for the health maintenance organization for the period January 1 to March 31[✓] of that year; on September 30[✓] payment is due based on actual gross revenues for the health maintenance organization for the period April 1 to June 30[✓] of that year; and on December 31[✓] payment is due based on actual gross revenues for the health maintenance organization for the period July 1 to September 30[✓] of that year.

INSERT 4-6²

SECTION 9121. Nonstatutory provisions; health and family services. ✓

(1) SCHEDULE OF ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS WITH MEDICAL ASSISTANCE CONTRACTS. Notwithstanding the schedule for payment of assessments specified in ~~§~~^{section} 49.45 (2) (a) 26. a[✓] of the statutes, as created[✓] by this act, payments of assessments on a health maintenance organization with a contract to provide health care to Medical Assistance and Badger Care recipients in 2006 shall be made as follows:

(a) On March 31[✓], 2006, payment based on the health maintenance organization's estimated gross revenues for the period of January 1, 2006, to March 31[✓], 2006, is due.

1 (b) On June 30, 2006, payment based on the health maintenance organization's
2 actual gross revenues for the period of January 1, 2006, to March 31, 2006, is due.

3 (c) On September 30, 2006, payment based on the health maintenance
4 organization's actual gross revenues for the period of April 1, 2006, to June 30, 2006,
5 is due.

6 (d) On December 31, 2006, payment based on the health maintenance
7 organization's actual gross revenues for the period of July 1, 2006, to September 30,
8 2006, is due.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1089/4dn

DAK&JK:wlj:pg✓

To Robert Blaine:

Neil indicates that DHFS does not want to promulgate rules under s. 49.45 (2) (a) ²⁶ ~~180~~
d.; is my change okay with you?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1089/4dn
DAK:wlj:ch

January 20, 2005

To Robert Blaine:

Neil indicates that DHFS does not want to promulgate rules under s. 49.45 (2) (a) 26. d.; is my change okay with you?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

Kennedy, Debora

From: Blaine, Robert
Sent: Monday, January 24, 2005 7:54 AM
To: Kennedy, Debora
Subject: RE: MA HMO Assessment -- 1089

Debora -- I heard back from Neil, and we do not need any further changes to this draft. Thanks!

-----Original Message-----

From: Kennedy, Debora [mailto:Debora.Kennedy@legis.state.wi.us]
Sent: Saturday, January 22, 2005 4:01 PM
To: Blaine, Robert
Subject: RE: MA HMO Assessment -- 1089

I have made the changes so far. By 1:00 Monday, we are supposed to have completed all drafts and redrafts and have the DOA analysts approve them, so I would appreciate receiving word from you by 10:00 (although I realize that you have no control over when Neil replies); if I hear nothing by that time, I'll put the draft in editing--there are very minor fixes that can be made in the next two days. Okay?

-----Original Message-----

From: Blaine, Robert
Sent: Saturday, January 22, 2005 9:17 AM
To: Kennedy, Debora
Subject: MA HMO Assessment -- 1089

Debora --

Neil and Richard reviewed the draft and made two suggestions.

1) Richard pointed out on page 2, lines 8-9, that the assessment language describes the assessment base as the "gross revenues from the immediately **preceding** calendar year." As you will recall from our timetable, though, that the assessment will be based on the current calendar year's revenues.

2) Neil made the following comment: --The draft refers to the "statement that the HMO shall file annually with OCI" but does not explicitly require the HMO to file such a statement or specify the penalty if an HMO doesn't. It would be preferable if this passage (p.2, lines 10-13), read something like the following:

"Each health maintenance organization subject to this paragraph shall file annually, by March 1, with the office of the commissioner of insurance a statement of its gross revenues for the immediately preceding calendar year. If a health maintenance organization fails to file a report by March 1, the department may withhold payment under this section until the report is filed. The department shall determine the amount of each health maintenance organization's assessment based on the statement it files with the office of the commissioner of insurance."

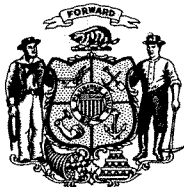
Neil made two other comments, but I challenged him on their necessity. However, I gave him until Monday to respond, which I believe is our last chance to make changes to drafts. If you wanted to wait to proceed with the redraft until Monday -- to avoid a potential /6 -- I would fully understand.

Thanks again,

Robert Blaine

Wisconsin State Budget Office
Department of Administration
608/267-7980
608/267-0372 (fax)

robert.blaine@doa.state.wi.us



(In edit 1/24)
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1089/45
DAK&JK:wlj:ch

DOA:.....Blaine, BB0295 - Provider assessment on MA health maintenance organizations

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

TODAY
please

DO NOT GEN

1

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

This bill requires DHFS to levy, enforce, and collect an assessment on health maintenance organizations (HMOs) that contract with DHFS to provide health care to recipients of Medical Assistance (MA) or Badger Care. The assessment is 6 percent of each HMO's annual gross revenues, based on statements that each HMO must file with OCI annually by March 1. Under the bill, the first assessment is due on March 31, 2006. The assessments must be deposited into the MA trust fund. In addition, the bill requires DHFS to distribute, from the MA trust fund, moneys in each fiscal year to supplement MA payments to HMOs that provide services to MA recipients and Badger Care payments to HMOs that provide services to Badger Care recipients, to assist in meeting increasing costs, more intense use of services by MA and Badger Care recipients, and other reimbursement needs that DHFS identifies. DHFS must establish procedures and requirements for levying the assessment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 25.77 (4) of the statutes is created to read:

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3 health maintenance organizations.

4 **SECTION 2.** 49.45 (2) (a) 26. of the statutes is created to read:

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6 in s. 609.01 (2), with a contract under sub. (2) (b) 2. to provide health care to recipients
7 of Medical Assistance or Badger Care, for the privilege of doing business in this state,
8 an annual assessment of 6 percent of the health maintenance organization's gross

9 revenues for the ~~immediately preceding~~ ^{current} calendar year. The assessment shall be
10 deposited into the Medical Assistance trust fund. The department shall determine

11 the amount of each health maintenance organization's assessment, based on ~~a~~ ^{the}

12 statement that the health maintenance organization shall file ^s ~~annually~~ by March

13 ~~it~~ with the office of the commissioner of insurance. Each health maintenance

14 organization shall pay one-fourth of the total assessment quarterly. For 2007 and

15 every year thereafter, on March 31 payment is due based on estimated gross

16 revenues for the health maintenance organization for the period January 1 to March

17 31 of that year, and the department may adjust the payment amount to ensure that

18 payments made for the previous calendar year equaled an assessment of 6 percent

19 of the health maintenance organization's actual gross revenues for the immediately

20 preceding calendar year; on June 30 payment is due based on actual gross revenues

21 for the health maintenance organization for the period January 1 to March 31 of that

22 year; on September 30 payment is due based on actual gross revenues for the health

23 maintenance organization for the period April 1 to June 30 of that year; and on

24 December 31 payment is due based on actual gross revenues for the health

25 maintenance organization for the period July 1 to September 30 of that year.

✓
INSERT
2-10

1 b. Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
2 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
3 subch. III of ch. 77, apply to the assessment under this subdivision, except that the
4 amount of any assessment collected under subd. 26. a. shall be deposited into the
5 Medical Assistance trust fund.

6 c. The department shall levy, enforce, and collect the assessment under this
7 subdivision and shall develop and distribute forms necessary for levying and
8 collection.

9 d. The department shall establish procedures and requirements for levying the
10 assessment under this subdivision.

11 e. An affected health maintenance organization may contest an action by the
12 department of health and family services under this subdivision by submitting a
13 written request for a hearing to the division of hearings and appeals in the
14 department of administration within 30 days after the date of the action by the
15 department of health and family services.

16 f. Any order or determination made by the division of hearing and appeals in
17 the department of administration under a hearing as specified in subd. 26. e. is
18 subject to judicial review as prescribed under ch. 227.

19 **SECTION 9121. Nonstatutory provisions; health and family services.**

20 (1) SCHEDULE OF ASSESSMENTS ON HEALTH MAINTENANCE ORGANIZATIONS WITH
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(END)

**2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1089/5ins
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INSERT 2-10

1 (No F)

subdivision

1 Each health maintenance organization subject to this paragraph shall file with
2 the office of the commissioner of insurance annually, by March 1, a statement of the
3 gross revenues for the health maintenance organization for the immediately
4 preceding calendar year. If a health maintenance organization fails to file such a
5 report by March 1, the department may withhold payment under this section until
6 the report is filed.

the STET

✓

7



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1089/5
DAK&JK:wlj:pg

DOA:.....Blaine, BB0295 – Provider assessment on MA health maintenance organizations

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

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MEDICAL ASSISTANCE

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9 revenues for the current calendar year. The assessment shall be deposited into the
10 Medical Assistance trust fund. Each health maintenance organization subject to
11 this subdivision shall file with the office of the commissioner of insurance annually,
12 by March 1, a statement of the gross revenues for the health maintenance
13 organization for the immediately preceding calendar year. If a health maintenance
14 organization fails to file such a report by March 1, the department may withhold
15 payment under this section until the report is filed. The department shall determine
16 the amount of each health maintenance organization's assessment, based on the
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18 commissioner of insurance. Each health maintenance organization shall pay
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24 maintenance organization's actual gross revenues for the immediately preceding
25 calendar year; on June 30 payment is due based on actual gross revenues for the

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3 maintenance organization for the period April 1 to June 30 of that year; and on
4 December 31 payment is due based on actual gross revenues for the health
5 maintenance organization for the period July 1 to September 30 of that year.

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(END)